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Report Name: Spanish Poultry Sector Update

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Report Highlights:

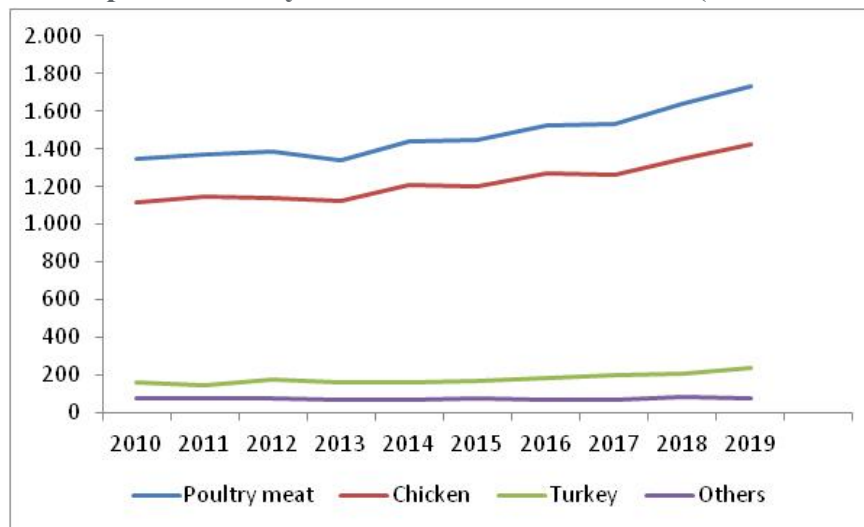
The temporary pause in the hospitality sector, tourism, and weaker export demand following the COVID-19 pandemic, has negatively impacted the Spanish poultry meat sector. While domestic chicken and turkey production grew steadily for the last three years, Spanish poultry meat producers anticipate that in 2020, chicken production will lower about five percent and turkey production by ten percent. Conversely, household egg consumption rebounded during the government-mandated lockdown and effectively offset the sales loss to HRI. Hence, in 2020, the Spanish industry estimates egg production will increase three percent.

General Information

Poultry Meat

In 2019, Spain produced 1.7 million tons of poultry meat, a 6 percent increase compared to the previous year. Poultry meat production in Spain is technologically advanced and fully integrated. Over the last five years, in response to consumer demands and U.S. trends, Spain has slowly increased its production of organic chicken and slow growth chicken. In 2019, Spain's poultry meat production represented 13 percent of the total EU-27 poultry meat production, following Poland and surpassing Germany and France. Around 80 percent of Spain's total poultry meat is chicken meat. Spanish consumption and production are well balanced. Exports represent only about 15 percent of domestic chicken production, mainly to EU. In the past year, the sector has been restructuring towards the manufacturing of value-added chicken products in response to the rising popularity of ready-to-eat and ready-to-cook chicken compared to raw chicken meat. In this regard, the Spanish poultry industry has expressed great interest in U.S. poultry technology. According to Spanish sources, as the Spanish poultry sector is almost fully integrated and the companies own both swine and poultry productions, future prospects are to reorient trade and increase export markets outside the EU.

Chart 1. Spain's Poultry Meat Production 2010-2019 (Thousand tons)



Source: Eurostat

In 2019, Spain imported 111,000 tons of chicken meat. Eighty-five percent of total imports came from other EU countries and valued at \$263 million. Outside of the EU, Brazil is the top chicken supplier to Spain. As an EU member, Spain prohibits the import of chlorine-washed chicken meat. This remains a long-standing trade barrier for U.S. chicken exports to Spain (and the rest of the EU). Last year, Spain's chicken exports were 190,000 tons and valued at \$340 million. Around 45 percent of Spanish chicken exports are destined for non-EU markets, mainly South Africa and Sub Sahara countries. The Spanish poultry sector is starting to work on opening the Asian market, following the success of Spanish pork in the region. During the first quarter of 2020, the volume of Spain's chicken imports declined 11 percent and the volume of exports declined 18 percent.

The temporary closure of the HRI channel, the drop in Spanish chicken exports to the EU, and the contraction of household consumption increased domestic supply and led to a sharp 15 percent drop in the average Spanish chicken price in April compared to the previous month.

Poultry Eggs

In 2019, the number of laying hens in Spain increased five percent to 45.8 million animals and 1,323 farms. Spanish table eggs production represents 11 percent of total EU's table egg production. Spanish production of table eggs is around 850,000 tons (1,000 million dozen eggs). Over the last five years, alternative methods for Spanish egg production (organic, free-range, etc.) have risen at the expense of caged-hens in response to consumer demand. In 2019, Spanish caged-hens represented 77 percent of the total laying hens' production, a six percent reduction compared to the previous year. The Spanish production of laying hens is highly modern and efficient. In addition, Spain imports poultry genetics mainly from the United States. In 2019, Spain's imports of U.S. eggs were valued at \$5 million, primarily chicken eggs for incubation. This trade held steady during the first quarter of 2020.

Spain exports around 15 percent of its total table egg production mainly to other EU Member States as Spanish production and consumption is self-sufficient. Outside the EU, Spain exports of table eggs are mainly destined for Africa. Spain also exported a significant amount of table eggs to the United States in 2016 during a temporary outbreak of avian flu. Spain also is a key global supplier of hatching eggs, mainly exporting to Russia and Middle East.

The mandated lockdown in response to the Covid-19 outbreak had a positive impact on the Spanish egg industry. The increase in household egg consumption effectively compensated the sales loss to HRI and supported the upward trend in egg prices that started in December 2019. As a result, the average annual rate for Spanish egg prices remains 15.21 percent higher than the previous year. In addition, the Covid-19 pandemic improved Spanish consumer views towards eggs as an immunity-boosting food (like dairy and citrus). Correspondingly, Spanish egg industry anticipates that this year, egg production may increase by three percent.

Attachments:

No Attachments.